

Commercial National Financial Corporation Reports 4th Quarter 2024 Results

Ithaca, Michigan, January 21, 2025 (GLOBE NEWSWIRE) -- Commercial National Financial Corporation (Pink Sheets: CEFC) reported net income for the fourth quarter of 2024 of \$1,882,000 or \$0.47 per share compared to fourth quarter 2023 net income of \$1,458,000 or \$0.37 per share. Return on Equity (ROE) was 14.73% for the fourth quarter of 2024 compared to 13.34% for the fourth quarter of 2023.

The federal funds rate cuts helped alleviate interest margin pressure during the fourth quarter of 2024, as net interest income increased by \$362,000 or 7.9% compared to the respective 2023 period. Interest income increased by \$112,000, as yields on loans and securities remained above prior period levels. Interest expense decreased by \$250,000, as deposit rates were reduced following the federal funds rate cuts. Non-interest income improved by \$250,000 for the current quarter, while operating expenses increased by \$151,000, which were mainly due to higher wages and benefits expense.

Total assets were \$567 million as of December 31, 2024 compared to \$579 million as of December 31, 2023. The decrease in assets was due to the repayment of wholesale borrowings and trust preferred debt totaling \$13 million, along with a 0.6% decrease in deposit balances. The security portfolio decreased by \$12 million, as funds from matured securities were used to repay wholesale borrowings. While total loans decreased by \$22 million or 5.2% due to the high interest rate environment and early loan payoffs, loan quality remained strong with a non-performing assets ratio of 0.28%. Additionally, CEFC's wholly owned subsidiary, Commercial Bank, remains significantly above "well capitalized" for regulatory purposes.

Visit www.commercial-bank.com to view the latest news releases and other information about CEFC and Commercial Bank.

Selected Financial Data (unaudited):

	Quarter Ended		Year Ended	
	<u>Dec 31, 2024</u>	<u>Dec 31, 2023</u>	<u>Dec 31, 2024</u>	<u>Dec 31, 2023</u>
Return on Equity (ROE)	14.73%	13.34%	12.04%	14.40%
Return on Assets (ROA)	1.31%	0.99%	1.02%	1.04%
Net Interest Margin	3.66%	3.28%	3.44%	3.26%
	<u>Dec 31, 2024</u>	<u>Dec 31, 2023</u>		
Non-Performing Assets Ratio	0.28%	0.16%		
Tier 1 Leverage Capital Ratio ⁽¹⁾	10.32%	9.63%		
Total Risk-Based Capital Ratio ⁽¹⁾	16.99%	15.58%		
Book Value Per Share	\$12.74	\$11.80		
Market Value Per Share	\$9.85	\$9.26		

⁽¹⁾Ratios are for Commercial Bank

Consolidated Statements of Income (unaudited):

	Quarter Ended		Year Ended	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Interest Income	\$ 6,692,617	\$ 6,580,148	\$ 26,762,188	\$ 25,392,219
Interest Expense	1,764,560	2,014,110	8,087,045	7,026,000
Net Interest Income	4,928,057	4,566,038	18,675,143	18,366,219
Provision for credit losses	(55,008)	(57,494)	(93,980)	(165,494)
Non-interest income	706,790	456,500	2,407,386	1,998,998
Operating Expenses	3,433,219	3,281,896	14,102,164	13,005,407
Income before taxes	2,256,636	1,798,136	7,074,345	7,525,304
Income tax expense	374,998	340,000	1,211,078	1,352,663
Net Income	<u>\$ 1,881,638</u>	<u>\$ 1,458,136</u>	<u>\$ 5,863,267</u>	<u>\$ 6,172,641</u>
Net Income per share – diluted	<u>\$ 0.47</u>	<u>\$ 0.37</u>	<u>\$ 1.48</u>	<u>\$ 1.56</u>
Dividends declared	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 0.56</u>	<u>\$ 0.56</u>

Consolidated Balance Sheets (unaudited):

	Dec 31, 2024	Dec 31, 2023
Assets		
Cash and cash equivalents	\$ 55,588,156	\$ 32,942,957
Time deposits with other banks	1,743,000	3,735,000
Securities	82,075,403	94,306,770
Loans	395,651,055	417,403,567
Allowance for credit losses	<u>(3,482,203)</u>	<u>(3,570,271)</u>
Loans, net	392,168,852	413,833,296
Premises and equipment, net	10,037,771	9,252,193
Other assets	25,029,745	25,090,633
Total Assets	<u>\$ 566,642,927</u>	<u>\$ 579,160,849</u>
Liabilities		
Deposits	\$ 498,507,449	\$ 501,646,583
FHLB borrowings	4,000,000	14,000,000
Trust preferred	10,310,000	13,403,000
Other liabilities	3,295,393	3,301,371
Total Liabilities	516,112,842	532,350,954
Equity		
Total Equity	50,530,085	46,809,895
Total Liabilities and Equity	<u>\$ 566,642,927</u>	<u>\$ 579,160,849</u>

Contact:

Benjamin Z. Ogle

CFO

989-875-5562